

2G Energy Limited
Filleted Annual Report and Financial Statements
31 December 2016

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2G Energy Limited
Annual Report and Financial Statements
Year ended 31 December 2016

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2G Energy Limited

Officers and Professional Advisers

The board of directors

Mr C Grotholt
Mr R C Chadwick
Mr A Perry

Registered office

Clifton House
Ashville Point
Clifton Lane
Sutton Weaver
Runcorn
Cheshire
WA7 3FW

Auditor

PricewaterhouseCoopers LLP
Chartered accountant & statutory auditor
One Kingsway
Cardiff
CF10 3PW

2G Energy Limited

Directors' Responsibilities Statement

Year ended 31 December 2016

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

2G Energy Limited
Statement of Financial Position
31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	6	403,557	437,726
Current assets			
Stocks	7	1,220,973	455,812
Debtors	8	4,889,570	1,862,586
Cash at bank and in hand		862,983	1,130,345
		<u>6,973,526</u>	<u>3,448,743</u>
Creditors: amounts falling due within one year	9	<u>6,982,830</u>	<u>2,929,604</u>
Net current (liabilities)/assets		<u>(9,304)</u>	<u>519,139</u>
Total assets less current liabilities		<u>394,253</u>	<u>956,865</u>
Creditors: amounts falling due after more than one year	10	95,305	130,870
Provisions	11	<u>31,528</u>	<u>82,240</u>
Net assets		<u><u>267,420</u></u>	<u><u>743,755</u></u>
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account		<u>267,320</u>	<u>743,655</u>
Total equity		<u><u>267,420</u></u>	<u><u>743,755</u></u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of comprehensive income has not been delivered.

The financial statements were approved by the board of directors and authorised for issue on 8 September 2017, and are signed on behalf of the board by:



Mr R C Chadwick
Director

Company registration number: 07778950

The notes on pages 5 to 13 form part of these annual report and financial statements.

2G Energy Limited
Statement of Changes in Equity
Year ended 31 December 2016

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2015	100	344,294	344,394
Profit for the year	—	399,361	399,361
Total comprehensive income for the year	—	399,361	399,361
At 31 December 2015	100	743,655	743,755
Loss for the year	—	(476,335)	(476,335)
Total comprehensive income for the year	—	(476,335)	(476,335)
At 31 December 2016	<u>100</u>	<u>267,320</u>	<u>267,420</u>

The notes on pages 5 to 13 form part of these annual report and financial statements.

2G Energy Limited

Notes to the Annual Report and Financial Statements

Year ended 31 December 2016

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Clifton House, Ashville Point, Clifton Lane, Sutton Weaver, Runcorn, WA7 3FW, Cheshire.

2. Statement of compliance

These annual report and financial statements have been prepared in compliance with the provisions of FRS 102 Section 1A, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The annual report and financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The annual report and financial statements are prepared in sterling, which is the functional currency of the entity.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2015. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 17.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of 2G Energy AG which can be obtained from the parent company's registered office. As such, advantage has been taken of the following disclosure exemptions available under FRS 102:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

2G Energy Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) Bad debt provision

The company makes an estimate of the provision for bad debts required by considering a number of factors, including the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of trade debtors and the associated impairment provision.

(ii) Major service accruals

For certain machines installed at customer sites, the company is contractually required to provide a major service after a specified period of operation. Management estimates the cost of these services by reference to historical experience and the costs are accrued over the relevant period of operation.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the entity, and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Machine sales are recognised when commissioned. Part sales are recognised on delivery of the goods.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

2G Energy Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at historical cost, and subsequently stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- 20% straight line
Motor Vehicles	- 33% straight line
Fixtures & Fittings	- 20% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly.

2G Energy Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Work-in-progress is measured at costs incurred according to the stage of manufacture / completion.

Finance leases and hire purchase contracts

Leases of assets that transfer substantially all of the risks and rewards of ownership are classified as finance leases.

Assets held under finance leases are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

2G Energy Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2G Energy Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2016

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

4. Employee numbers

The average number of persons employed by the company during the year, including the directors, amounted to 33 (2015: 21).

5. Auditors' remuneration

	2016 £	2015 £
Fees payable for the audit of the annual report and financial statements	<u>10,250</u>	<u>6,500</u>

6. Tangible assets

	Plant and machinery £	Motor vehicles £	Furniture & fixtures £	Total £
Cost				
At 1 January 2016	146,119	478,325	69,172	693,616
Additions	35,321	147,040	6,443	188,804
Disposals	—	(49,988)	—	(49,988)
At 31 December 2016	<u>181,440</u>	<u>575,377</u>	<u>75,615</u>	<u>832,432</u>
Depreciation				
At 1 January 2016	58,519	175,963	21,408	255,890
Charge for the year	34,546	173,842	14,585	222,973
Disposals	—	(49,988)	—	(49,988)
At 31 December 2016	<u>93,065</u>	<u>299,817</u>	<u>35,993</u>	<u>428,875</u>
Carrying amount				
At 31 December 2016	<u>88,375</u>	<u>275,560</u>	<u>39,622</u>	<u>403,557</u>
At 31 December 2015	<u>87,600</u>	<u>302,362</u>	<u>47,764</u>	<u>437,726</u>

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Motor vehicles £
At 31 December 2016	<u>249,991</u>
At 31 December 2015	<u>267,858</u>

2G Energy Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2016

7. Stocks

	2016	2015
	£	£
Raw materials and consumables	802,403	414,563
Work in progress	418,570	41,249
	<u>1,220,973</u>	<u>455,812</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

8. Debtors

	2016	2015
	£	£
Trade debtors	3,101,851	1,106,149
Prepayments and accrued income	1,715,027	750,187
Corporation tax repayable	63,163	–
Other debtors	9,529	6,250
	<u>4,889,570</u>	<u>1,862,586</u>

Trade debtors are stated after provisions for impairment of £33,349 (2015: £17,537).

9. Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	102,577	59,815
Amounts owed to group undertakings	2,377,098	1,088,795
Accruals and deferred income	3,637,664	1,128,909
Corporation tax	–	63,163
Social security and other taxes	726,694	461,323
Obligations under finance leases and hire purchase contracts	136,553	127,599
Other creditors	2,244	–
	<u>6,982,830</u>	<u>2,929,604</u>

Net obligations under hire purchase contracts are secured on the assets concerned.

10. Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Obligations under finance leases and hire purchase contracts	<u>95,305</u>	<u>130,870</u>

2G Energy Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2016

11. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2016	2015
	£	£
Included in provisions	<u>31,528</u>	<u>82,240</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016	2015
	£	£
Accelerated capital allowances	78,411	82,240
Unused tax losses	<u>(46,883)</u>	<u>—</u>
	<u>31,528</u>	<u>82,240</u>

12. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

13. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
	£	£
Not later than 1 year	50,000	50,000
Later than 1 year and not later than 5 years	<u>133,333</u>	<u>183,333</u>
	<u>183,333</u>	<u>233,333</u>

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit on a straight line basis over the period of the lease.

14. Summary audit opinion

The auditor's report for the year dated 31 December 2016 was unqualified.

The senior statutory auditor was Jonathan Bound, for and on behalf of PricewaterhouseCoopers LLP.

15. Related party transactions

At the balance sheet date the company owed 2G Energietechnik GmbH, a company which held 80% (2015: 80%) of the issued share capital, a loan of £48,281 (2015 - £239,248), and owed a trading balance of £2,986,474 (2015 - £1,002,150) to 2G Energietechnik GmbH. The company was owed a trading balance of £13,973 (2015 - £103,506) by 2G Energietechnik GmbH.

2G Energy Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2016

16. Controlling party

The immediate parent company is 2G Energy AG, a company incorporated in Germany, by virtue of its 80% holding in the company. 2G Energy AG is the company of the largest and smallest group into which the company's results are consolidated. The group financial statements are available from 2G Energy AG, Benzstr 3, 48619 Heek, Germany. The ultimate controlling party is the shareholders of 2G Energy AG.

17. Transition to FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.